May/June/July 2015

GIBRALTAR INTERNATIONAL

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Editorial Comment

Overseas trade playing a bigger part

Nobody can be in any doubt that it's general election time in the UK, and it's beginning to feel that way too in Gibraltar, with its national ballot expected before the year-end. However, amidst all the wrangling on The Rock, unlike the UK, one thing that Gibraltar's politicians seem united on is foreign policy, particularly in relation to the need to create greater awareness of the jurisdiction overseas.

Local politicians have long believed that Gibraltar – being a European Territory for whose external affairs a EU Member State is responsible – should do more than rely on the UK for its foreign affairs representation. The value of establishing a London office 16 years ago was proven most effectively when support of British MPs was garnered to rebut Spain's efforts to recover The Rock – now 302 years formally in British hands.

From the beginning however, trade development has also been an objective and the success of 'Gibraltar in London' combining both political lobbying and business, is being replicated in Brussels with an expanded team under Sir Graham Watson, the former decade-long Member of the European Parliament (MEP) for the South West and Gibraltar, in larger premises being officially opened in May.

The Rock faces pressing and continuing Spanish-led issues – attempted exclusion of Gibraltar from EU civil aviation laws, lengthy interruptions to cross-border traffic and pedestrian flows, and attacks on spurious tax and environmental grounds, all of which have commercial as well as political implications.

Direct representation aims to get the jurisdiction's case across, as being open for business in a transparent, compliant and well-regulated international business environment, where all EU Directives have been transposed into law – something few other jurisdictions can claim!

Not only new MEPs are targets, but also various members of the European Commission bureaucracy itself, who frequently seem 'reluctant' to act, such is the 'sensitivity' of relationships between member nations – the UK and Spain – and irrespective of the fact that Gibraltar's direct involvement with Europe pre-dates Spain's EU membership by 13 years!

Being part of the EU is something Gibraltar internationally trades upon mercilessly. But Spain's continued aggressive acts and the UK 'noise' about an in-out EU referendum create uncertainty, even if change – in the unlikely event that there was to be any – is years away.

The long-sought right of Gibraltarians to self-determination with the support of the United Nations remains the ultimate goal and justifies stepped-up direct representation in Washington, although fronted by consultants in support of Gibraltar's politicians. US trade potential is on the agenda too and it seems two projects now being considered by Gibraltar's government may result in multi-million dollar energy related American investment – we should know soon.

Certainly, the unexpected opening of a Gibraltar office in Hong Kong last year seems to be yielding early results in a market where other jurisdictions have been quicker to realise the potential for Asian investment.

In reality, Gibraltar's overseas representation differs in each place, but the contribution to economic growth – not just the political activity - needs to be emphasised more actively.

Ray Spencer

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New bank to ensure lending availability and competition

Gibraltar International Bank (GIB), the State-owned start-up, opens for business in May, some seven months later than intended and less than a month before the extended end of retail operations locally by Barclays Bank.

The government formed GIB in December 2013 following Barclays' decision to end retail banking on the Rock after 126 years, prompted by a UK head office global reduction in wealth and investment management operations.

In line with other banks: Podesta, GIB chief executive

Barclays locally was said to have 17,000 clients with about £1bn deposits and £500m in debt and mortgages, but it is retaining in Gibraltar only 70 corporate and intermediary clients and roughly 150 Very High Net Worth Individuals for private client work.

Successive Gibraltar governments have sought to establish a local bank to provide greater competition – it has formed part of the ruling Gibraltar Socialist Liberal Party (GSLP) manifesto since 1996.

GIB has been formed with £25m government capital and a recent Financial Services Commission (FSC) banking license to provide personal and business accounts, loans and mortgages as an alternative to NatWest, the RBS operation on the Rock since 1989, and the Danish-owned Jyske Bank, with more limited retail operations.

As *Gibraltar International* went to press, GIB had 3,500 account applications, all but a quarter of Barclays customers. NatWest saw a surge in new business following Barclays' decision, and was forced to halt new account applications when an appointments backlog caused waiting times to reach three months!

David Bruce, Regional Director, RBS International, said NatWest Gibraltar had opened "several thousand bank accounts since October 2013" and cleared its backlog by June.

"The volume of business has been unprecedented and placed stress on our [operation], however, we are doing all we can to support in difficult circumstances," he declared. NatWest has operated on The Rock for nearly 27 years and employs over 140 people.

GIB will operate "very much in line with the existing retail banks", says Lawrence Podesta, the bank's chief executive officer, explaining: "As a start-up bank we do not think that it is prudent either for the market place or, in fact ourselves, to become either more or less expensive than others in the market. That may change as we move forward."

Gibraltar mortgages are understood to cost on average around 4.75% p.a. but Podesta is pushing hard for local business accounts where "loans are subject to negotiation".

Operating as an independent, commercial bank, GIB's ability to lend will in large measure depend on achieving revenue from its account operations and managing customer deposits.

Of the £25m start-up capital, "setting up obviously took a chunk of that", Podesta points out and "although it is a substantial amount, it is not outside the scope of what we envisaged". Cash flow needs initially will also eat into that capital and GIB – like all banks - must retain assets to meet EU Basle III liquidity requirements "and we are well within that".

Refurbishment of GIB's Main Street premises, set around a courtyard, took longer than expected with opening dates being postponed three times.

Barclays employed 109 people and is expected to end with only 19. GIB has 60 staff with around a third from Barclays. Apart from four graduates, "we have [attracted] people from other financial companies, not necessarily banks – it's a spread of people relating to finance in one way or another", Podesta says.

Ownership may broaden

The government is sole shareholder, but ownership may broaden in future given GIB's remit to operate as an independent, commercial bank with the aim of making profit. A nine-strong Board includes senior representatives in financial services, led by retired career banker Albert Langston, who until 2010 was chairman of Lloyds Bank (Gibraltar).

The Board includes Podesta (55) - who worked for Barclays for 20 years, and was recruited a year ago from being chief operating officer and deputy CEO of the private bank Lombard Odier (Gibraltar) that he joined in 1996 - as well as his deputy, Derek Seine (57), the Chief Operating Officer, who served 40 years with Barclays locally.

Other Board members are: Peter Montegriffo (Hassans); Peter Isola (Isolas); Colin Vaughan (PWC); Stephen Reyes (Deloitte); Dilip Dayaram Tirathdas (ex government Financial Secretary); Tony Welsh (M&S franchise holder); and Marcus Killick (ex-FSC chief executive).

Soon after again coming to power, the GSLP revealed in early 2012 that its Gibraltar Savings Bank (GSB) would expand to include most retail banking operations. GIB from the outset will compete to some extent with GSB for deposits where in March 2014 there were 20,800 savings accounts totalling £888m.

The government now says new GSB initiatives "have not been dropped but they have been put on hold to prevent duplication and unnecessary competition", but when GIB opens, "we will see how the GSB's products can be developed to complement those of GIB".

Ray Spencer

The Gibraltar Stock Exchange complements Gibraltar's offering

To further complement Gibraltar's offering, the Gibraltar Stock Exchange (GSX) opened its doors in late 2014 and now plays a pivotal role in one of the EU's leading finance centres. Jay Gomez and Javi Triay who are part of the T & T Financial Services team report

GIBRALTAR STOCK EXCHANGE

Jay Gomez

Javi Triay

Over the recent years, Gibraltar has worked very hard to position itself as the jurisdiction of choice for establishing investment funds. Gibraltar's robust yet dynamic legislation, within the EU infrastructure and an advantageous tax regime, all pooled into a conveniently small jurisdiction, combine to make Gibraltar a "must see" jurisdiction. Such is the case that Gibraltar is now host to a conglomerate of professionals operating within the financial services sector; accountants, administrators, auditors, bankers, brokers, corporate service providers and lawyers that together form Gibraltar's financial services industry.

Following are some of the reasons why Gibraltar is so attractive for financial services businesses and why listing on GSX should seriously be considered:

> By listing on GSX, funds, whether established within the EU or not, will achieve visibility within the EU.

European Union Regulatory Framework and Passporting

- As part of the European Union, Gibraltar boasts the same regulatory standards as other European jurisdictions but, drawing on its size and expertise, the regulatory objectives are delivered seamlessly without fuss in what is now a modernised Financial Services Commission (FSC) ready to cope with the changing market trends. Additionally Gibraltar benefits from EU Directives (e.g. MiFID, the Parent Subsidiary Directive, UCITS directive, AIFMD, the Insurance Directives and the Banking Directives).
- Firms which are licensed in Gibraltar to provide services under an EU Directive have the ability to passport their services into other EU jurisdictions enabling service providers to operate throughout the EU based on the authorisation granted to them in Gibraltar.
- GSX is therefore regulated to and meets all EU standards.

Advantageous Tax Regime

- The new Income Tax Act has contributed to Gibraltar's appeal and provides the environment which financial services companies require to increase profitability and Gibraltar's position as a prosperous financial services jurisdiction.
- On 24 June 2013, it was announced that the European Council of Economic and Finance Ministers of the 27 EU Members States (ECOFIN) endorsed Gibraltar's tax regime as being compliant with the EU Code of Conduct for business taxation.
- Gibraltar additionally boasts tax transparency to OECD standards and is a signatory to US FATCA, the UK equivalent and forms part of the early adopters group of the OECD's standard for automatic exchange of information in tax matters.

GSX Advantages for Funds

- By listing on GSX, funds, whether established within the EU or not, will achieve visibility within the EU.
- Although GSX requires proper disclosure as to the operations of a listed fund, it does not otherwise restrict the funds operations in any significant way.
- GSX is regulated by the FSC, a regulator that understands and supervises the financial services industry in a pragmatic manner.
- GSX is an expedient and economically efficient way of listing within the EU.
- GSX appreciates that time is of the essence and is fully committed to meeting such needs.
- The GSX portal provides a unique method of filtering listings by, for example, asset classes, currencies and managers, bringing managers and investors together in an efficient manner.
- GSX's first official fund listing was effected, from conception to listing, in only 23 working days (which included the Christmas holidays).
- GSX's fees are highly competitive and coupled with competitively priced Listing Members, offer an exceptionally cost effective EU listing solution.

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New state-owned bank promises independent competition

For almost 20 years Gibraltar politicians have repeatedly promised to establish a local bank, but it took the planned closure of a UK retail bank's operations on The Rock to bring the idea to fruition. Just ahead of the launch, Ray Spencer set about finding out how the new publicly-owned bank is likely to progress

Lawrence Podesta, chief executive of the new Gibraltar International Bank (GIB) that opens in May is emphatic: "The steer from the government is pretty clear; they want an independent bank run on a commercial basis.

"I can safely say, we are setting up what is a commercial entity with the intention of making money for the shareholder and it will not be a bank that provides services for free, which is what some people may think; it is there to make money," he asserts.

Looking for community support: Derek Seine GIB chief operating officer, and Lawrence Podesta, chief executive

Podesta (55) counters what some have thought might give rise to 'unfair' competition in the wake of the imminent withdrawal from the Rock of Barclays retail bank. "We are all conscious that this [GIB] bank will not make money in the first year, certainly.

"There are a lot of start-up costs, which are one-time, and it will depend very much on how the Gibraltar community takes to this bank," points out Podesta, who joined GIB after 18 years with private bank Lombard Odier (Gibraltar) at the invitation of Financial Services Minister, Albert Isola.

"I mean, if we have the support of the community then obviously it will be easier for us to create revenues, hence getting into profit as soon as possible."

Starting from scratch required a lot of assumptions; "we have no friends we can call on and say look, what can we expect". Hence, "it is difficult to say when we will be profitable: we have to see how the first few months go to the end of the year and that should give us a strong indication", explains Podesta.

Profit by Year 3

But this self-effacing career Gibraltar banker – he first joined Barclays locally as a 16 year old from school – has a keen idea of what may be possible. "Certainly, if we say this is the first year, I would like to see [the Bank profitable] definitely by the third year, maybe sooner."

Some income will come from deposits and management of the Bank's own funds, but the initial thrust to bolster revenue will be on the lending side. Fees and commissions for payments and services provided by operating as a normal retail bank will generate "substantial amounts of revenue".

By mid-April, GIB had attracted 3,500 account applications - 25% are business - most from amongst the 17,000 former Barclays customer accounts. "We would have been happy with around the 4,000 [accounts] mark to start. We are a bit short, but having said that we still have time to go," Podesta insists.

One problem has been that until the bank had been finally signed off by the Regulator and physically is open in its Main Street premises, GIB cannot delve into customers' potential requirements, particularly with businesses. Special interview times were being identified for members of the Gibraltar Chamber of Commerce and the Federation of Small Businesses, and all professional associations have been targeted too.

"When these accounts are in place - when we open - they will need overdrawing facilities, they need loans, they need to place surplus cash, but we will not know [how much] until we open the bank", Podesta admits.

But then, he quietly reveals: "The feedback we have from the business community is that the other banks are starving them out completely with regards to lending facilities, overdrafts - not wanting to extend certain facilities. That is the main complaint coming from the business world here in Gibraltar."

GIB is uncertain about current local business loan interest rates, but in principle aims to at least match those presently available. Charges for handling personal accounts however, will be similar to other banks, although tariffs will favour clients who use automated systems - on line banking, mobile banking, etc.

Not here to undermine

Relationships with both other retail lending banks - NatWest and the Danish Jyske –says GIB are "excellent, and what we want to do is form part of the retail banking community in Gibraltar to give clients a choice. We are not here to undermine the other banks. We don't want to unduly upset anybody".

It helps that Podesta - a sportsman who until age 38 was a keen footballer playing latterly for Gibraltar's first division team - has known the key bankers over many years, and is described by his peers as "a hands-on, open individual with the ability to juggle well, differing and sometimes competing priorities".

With ATM machines inside and outside of the new GIB banking hall, further cash machines are likely elsewhere in Gibraltar within a year, plus credit cards – "there's a huge demand" – to complement the VISA debit cards being offered from the outset.

The son of a revenue inspector (now known as Customs Officer), whose family originated from Genoa, and a Spanish mother, Podesta and a twin sister were the youngest of five children. His formative years are reflected in his continued broad taste in music, confessing to be a fan of The Eagles, Bruce Springsteen, Bob Dylan and also Fleetwood Mac, who he has booked to see perform live in London this summer.

Aged 18, school leaver Podesta very nearly rejected Barclays; he had job offers too from HM Dockyard and the government. But he was persuaded by elder brother Ernest (now deceased), who was already

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working for the bank, (and who in the early 1980's went on to open Barclays' Argentinian and Portuguese operations). "He said I would enjoy it and in truth I never looked back", Podesta recalls. By the early 90's Earnest was in Madrid responsible for Barclays in Portugal and Gibraltar – effectively, Lawrence's ultimate boss.

Over 20 years, Podesta progressed at Barclays, beginning with two years induction. "You see there weren't any computers at the time; you saw everything at first hand and you learnt to understand all the different facets and things that happen within a bank". It was a huge advantage and one, he notes, that with centralisation of bank activities is not available locally today.

Being good at mathematics, Podesta prepared balance sheets for Barclays Gibraltar operation; everything was fed to him on paper, and there were only manual calculators. "Hence my understanding of balance sheets was so good: that was a huge experience for me – I always enjoyed working with figures", Podesta muses. And then after becoming financial controller and human relations manager, he became head of retail lending and securities for advances, before leaving in 1996 for Lombard Odier.

Not going to decline sound business: Albert Langston, GIB chairman

That mix of experience in retail and private banking gives Podesta an edge, believes GIB chairman Albert Langston, another career Gibraltar banker who before retirement in 2010 was chairman of Lloyds Bank (Gibraltar).

At Podesta's request the Board is a cross-section of senior professionals from the financial community, including two accountants, two lawyers, the former financial services regulator and the owner of the hugely successful Marks & Spencer franchise locally. The Board on which Podesta sits also includes his No 2, GIB chief operating officer, Derek Seine, who for 40 years also worked for Barclays locally, latterly as head of personnel & premier banking.

Langston's impressed with what has already been achieved, "particularly when you think that when setting up a new banking operation from a larger organisation you have always got existing procedures in place and have some assistance from head office – they have the very challenging task of doing it all themselves".

Asked whether GIB would assist businesses from outside wanting to set-up in Gibraltar, Langston observed: "I see no reason why not – initially we must let the new bank settle down and learn to walk before running. But no-one is going to decline a sound business proposition."

Podesta is pragmatic. "If something comes our way and it is good business, we will do it, but our focus will not be on that. We will not be active in encouraging [non-Gibraltar-based business], nor have our teams been looking for it; our immediate role is to see to the local demand first." But in two or three years' time things may be different, he says, depending on the view of the nine-strong Board of Directors, and the government shareholder appetite for it.

Fears that the government, having invested £25m to launch GIB, might try to influence lending direction – to provide loans for homes when other banks have head office-imposed quantity or type restrictions, for example - are (perhaps, predictably) firmly brushed aside. There is the new EU banking solvency capital requirement known as Basle 3, to be observed.

Prudent, but flexible

There will be defined concentration risk parameters and the regulator will expect GIB to have a cautious policy in place, which will limit lending capabilities, Podesta agrees. However, "we are not going to be drastic in the limits that we set", he maintains, "because the tendency in Gibraltar is to go towards the lower end. We will be prudent - maybe a little more flexible."

Marcus Killick, Gibraltar's long-time Financial Services Commission chief executive until February last year (and a GIB Board member), suggests: "Given its position and local knowledge of the market, GIB may be able to fine tune its offering." However, he cautions: "Critical will be the level of deposits, which will determine the amount that can be lent – you cannot lend what you haven't got."

Podesta notes: What we are saying is that we will make [loans for business] tailor-made obviously, as far as we can. Some of the reasons why lending has been refused, overdrafts, etc., by other banks are, frankly, quite ridiculous."

This surprisingly frank observation of other banks' activities, given the declared aim of not wanting to "undermine" them, reveals Podesta's steely determination to succeed, despite his quiet demeanor.

Lombard Odier, where for most of his 18 years Podesta was Chief Operating Officer, provided a different, almost steely, grounding, in management of wealth and involved investments, settlements with brokers and having knowledge of stock market trends, etc. As he recalls, "it was an experience that certainly pushes you to the limit to be a better professional".

With a team of investment experts, Podesta first had to determine the experience and knowhow of clients – often with £20-120m personal wealth - seeking a complex portfolio setup. "You need to come to conclusions on whether what you can offer those clients is the right product – not only for the investments that will make money for the client, but also from the risk perspective, (because they might not be aware of certain pitfalls), and also, more importantly, the risk the bank would be taking in advancing those products" Podesta emphasises.

Displaying humility, he adds: "You form part of a team, but you feel important because the task at hand is delicate, it could cause problems for the client, it could cause problems for the bank, and you are involved in it all. It is not the same, giving a loan to someone wanting to buy a car."

Wealth portfolio vision

Hoping to put that knowledge to good use, Podesta reveals that "if all goes well, in a few years time we may consider having a wealth management arm, but that will be dictated by the market, the vibes from the community, whether there are any services that we could set up for an investment portfolio team.

"We have the infrastructure for it, even though initially we are not going to use it. That will be a possibility", he proclaims, "but again it will depend on the [government] view on whether it wants us to diversify or not, but certainly it is something worth considering."

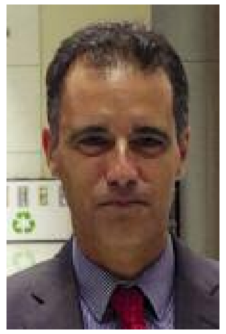
"We are here to plug the hole left by Barclays, obviously, but the main message is that we are a local bank, with decisions taken locally. It's our main strength – we know the people, we know the businesses set up. We are not government, we are not Civil Service," Podesta asserts.

Preparing for opening is one thing, but the more important question Podesta sees is "when we open, will the Gibraltar community support us?" That, he accepts, "is more difficult to control."

EU uncertainty tempers overseas economic successes

2014 proved to be a significant year for expansion of Gibraltar's overseas representation politically and for business development, but this year is likely to play an even more critical role

James Lasry, Chairman of the year-old AMCHAM (American Chamber of Commerce) Gibraltar group told *Gibraltar International* in April that following a US trade mission by ten firms in November, "we have a couple of big deals that are still cooking – deals in the areas of energy and renewable energy that will really impact on Gibraltar in a big way".



A whole host of EU issues: Dr Joseph Garcia, deputy chief minister and Minister for European Affairs

"They are subject to a tender process that began last May; if successful, they will mean millions of pounds of inward investment", promised the Hassans lawyer.

AMCHAM Gibraltar – now with 27 member firms – was promoted by Chief Minister, Fabian Picardo, to give impetus to his push for inward investment from beyond traditional (principally, UK) markets.

Picardo said in the *Gibraltar International* interview nearly 18 months ago: "I think you can expect to see great interest from US commercial entities seeing what they can do in Gibraltar with access to the EU and also to North Africa, which is becoming increasingly important to the US."

Since establishing representation in Washington in 2012, several high profile visits by the Chief Minister and his deputy, Dr Joseph Garcia, has given Gibraltar greater prominence.

Albert Poggio, London office director, received an 'Honorary Diplomat Initiative Award 2015' in March.

The pair have met with the Council on Environmental Quality in the White House and outlined Gibraltar's aim for carbon neutrality, including changing power generation fuel from diesel to gas to reduce emissions and introduction of alternative energy sources.

Gibraltarian and long-time US resident, Joe Carseni, a member of the Gibraltar-American Council, was appointed The Rock's American representative to garner political support, but he also promotes "the attraction of business opportunities and commercial investment in Gibraltar". Holland & Knight, a law and lobbying specialist agency, was appointed in May to raise Gibraltar's profile before the Executive and Legislative branches of the Government in Washington.

A mix of politics and business generation is on the agenda too for significantly expanded EU representation. Last October former South West & Gibraltar MEP, Sir Graham Watson, was appointed to lead and direct lobbying from new, larger Brussels premises, as well as "facilitating the promotion of business in Gibraltar". Sir Graham's emphasis is on relations with the European Parliament and MEPs elected last year, and with the new European Commission, enhancing communication with the UK's Permanent Representation to the EU (UKREP).

A mix of politics and business: Sir Graham Watson leads Brussels office

The Rock's business interests with particular EU significance include eGaming, taxation, aviation, environmental and maritime matters. Sir Graham - an MEP for ten years - arranged meetings with the Parliament and Commission in April for Garcia's second Brussels visit this year, to include the latest developments relating to Gibraltar's position in the EU.

It was timely: Picardo had controversially just called for each part of the UK to have an individual say in negotiations if there is to be a vote on Britain's possible EU exit – something that will become clearer after the UK General Election on 07 May. "The only existential threat to our economy is one where we are pulled out of the European Union against our will and denied access to the single market," he told the Financial Times in an interview.

The push for greater EU recognition began under the previous administration. However, "it is true to say that the Brussels office had been developed in the past and that this Government has chosen to upgrade it once again", Dr Garcia told *Gibraltar International*.

"There are a whole host of issues that affect Gibraltar's position in the European Union and we must be there to meet those challenges", he explained, pointing to Spain's decision to abandon a 2006 Cordoba agreement with Gibraltar that has seen efforts to exclude Gibraltar Airport from EU civil aviation legislation, which he told MEPs would be "illegal and contrary to the [EU] Treaties". Spain was also hindering the free movement of people at the La Linea border.

Two Gibraltar exhibitions - accompanied by numerous meetings with EU politicians and officials and media - have been held at the Brussels Parliament. The first - in June 2013 - marked the 300th anniversary of the signing of the Treaty of Utrecht, which gave Gibraltar its British credentials, as well as the 40th anniversary of Gibraltar's entry into the European Economic Community (as then) as a European Territory for whose external affairs a Member State [the UK] was responsible.

Gibraltar engages with the EU directly, because it otherwise relies on the UK to represent its interests. As part of mainland Europe, Gibraltar is able to passport financial services such as funds and insurance throughout the 27 EU countries: "Gibraltar may have more appetite for more Europe than the UK in the coming years", Picardo has emphasised.

Dr Garcia admits the Brussels office focus will be mainly political, but said: "There is scope for commercial and economic activity as well and many of the issues that the office will touch upon, like aviation, the frontier and tax, will have a clear economic impact as well".

EU representation is being modelled on the success of Gibraltar House in London's Strand: it has been "essential to maintain the position there and to lobby for Gibraltar on the different political issues that arise", Dr Garcia opined.

But it wasn't always so. As London office director, Albert Poggio, recounts: "Initially, when I began in 1988 we had opposition from the Foreign Office, which didn't want us working in London and didn't

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Change, Challenges and Opportunities for the Gibraltar Insurance Industry

By **Derren Vincent**, Executive Director, Willis Management (Gibraltar) Limited

As part of the preparatory phase for the new 'Solvency II' regulatory regime effective on 1st January 2016, insurers were required to submit their Forward Looking Assessment of Own Risks (FLAOR) by the end of 2014.

The FLAOR is essentially an embedded and documented risk management process whereby firms continually identify, assess, and (re)evaluate risk with reference to their defined risk appetite and tolerance.

Some of those risks identified, not least the underwriting and reserving risk, will be specific to the companies business models. Others that arise are reflective of wider industry risks and challenges.

Here we highlight just a few of the identified risks which are common to all firms, often interlinked, and relevant to the challenges facing the Insurance industry today:

- Regulation
- Capital and Reinsurance
- Human Resource
- Reputation

Regulation

The Financial Services Commission (FSC) launched their three year Strategic Plan at the end of 2014. Their Vision of "being the model international financial services regulator" resonates well with our marketing objective of attracting to Gibraltar a greater level of investment and diversity of business model. There is also evidence that the key messages were well received outside of Gibraltar.

Key for licensees and prospective licence holders is the FSC's Mission of "providing regulation in an effective and efficient manner". Their Strategic Plan advises that organisational re-structuring is underway with further strengthening of their senior team and sector specialisms planned. Recent 'Authorisation Workshops' have been held with industry to explain the 'stream-lined and un-bureaucratic risk based authorisation process.

We have seen a deliberate increase in this type of 'active' communication on a variety of topics with industry which is both welcome and essential to steering a course through the biggest regulatory challenge ever to have hit the European insurance industry.

Solvency II becomes 'live' on 1st January 2016 bringing with it numerous challenges for both the regulator and regulated alike, not least due to the release of guidelines and guidance by Europe at a relatively late stage in the process. As such, much clarification and work remains in 2015 which will consume a large amount of resource in order to ensure that Gibraltar remains a compliant jurisdiction.

Continued partnership with the FSC will ensure that we achieve our required outcome and thus preserve our reputation for EU compliance. Evidence emerging from other EU jurisdictions suggests that despite the best of EU intention, the playing field remains less than level elsewhere in terms of requirements relating to the preparedness towards Solvency II compliance. Gibraltar intends to remain safely on the compliant side of the playing field.

Capital and Reinsurance

According to recent commentary from the reinsurance broking fraternity, the 1st April renewal season continues to follow the current trend of the market favouring the buyer. As such, reinsurance markets are seeking to implement major changes in their strategies and business models. Joint ventures accessing lower-cost capital and M&A activity is evident which may prolong the soft market. Diversification of portfolio and speed of execution is becoming a key competitive advantage.

Insurance Linked Securities (ILS) funds and managers are also affected with some smaller stand alone business models under duress. Experts observe that they are evolving into a more traditional reinsurer model at the expense of diluting the differentiation of their offering which has been so attractive to primary buyers to date.

Against this background the UK Government have announced that it will work with the (re)insurance industry to develop a competitive tax structure to attract more ILS business to the UK. This is a reminder of the increasingly sustainable role of ILS within the wider global industry. Cat Bond investors are keen to take more risk and competition is healthy to avoid syndication of risks

Whilst the short term looks good for our Gibraltar insurers in terms of the cost of their treaties, we might speculate that with an ever changing global reinsurance market, Gibraltar is now positioned well as a jurisdiction of choice for locating a reinsurance vehicle. In this regard, the FSC has specifically issued clear ILS Guidelines in consultation with leading ILS practitioners. It is also pleasing to see that the Gibraltar Stock Exchange (GSX) has recently announced the listing of its first fund. This low fee, fast to market offering complements the Gibraltar ILS proposition.

Under Solvency II insurance regulations, the quantity of regulatory capital required to support insurance businesses has generally become greater. This is not a challenge unique to Gibraltar and will no doubt herald a period of merger and acquisition activity across Europe including the raising of additional capital in different shapes and forms.

Regardless, anecdotal evidence suggests that these new capital levels are not a barrier to Gibraltar doing new business. Established insurance groups seeking speed to market for additional capacity, or simply a foothold in the EU insurance market, continue to show genuine interest in establishing their vehicles in Gibraltar. Capital Market commentators for example, suggest that Asian investors also continue to be highly active in searching for insurance investment opportunities in developed insurance economies.

So, for companies with access to capital, the Gibraltar proposition of 'speed to licence' and accessibility of the regulator continue to be attractive.

Human Resource

A professionally qualified workforce is fundamental to underpinning reputation, market confidence and consumer protection.

The FSC have already made reference to strengthening their own senior team and sector expertise. The recent report issued by the Gibraltar Insurance Institute (GII)

Continued page 26

Gibraltar: the Key to Europe for US and Asian Fund Managers

By James Lasry, Vice Chairman of GFIA and President of the Gibraltar American Chamber of Commerce

The advent of the Alternative Investment Fund Managers Directive (AIFMD or the Directive) has dramatically changed the scope of services that European finance centres, such as Gibraltar can offer non EU managers (such as US, Swiss and Asian managers).

In the past non EU managers would market funds to European investors via the private placement regimes as it was almost impossible to get these funds authorised in the various European jurisdictions. The AIFMD has caused a significant tightening of many of the private placement regimes in Europe. In fact, under the Directive, they are to be phased out by 2018. Therefore, for non EU managers to market their funds in the EU, they must rely on what remains of the private placement regimes or on a concept known as 'reverse solicitation'.

The safest way for non EU managers to market into the EU is for them to set up a European fund that can be passported into other EU jurisdictions. Depending on the strategy this will be either a Ucits fund or an AIFM fund. In either case it can be legitimately promoted to the appropriate European investors.

> Gibraltar is fast developing into an international funds jurisdiction focussed both on small managers and managers which wish to market within Europe

It stands to reason that in their search for European vehicles for their funds, non EU managers, particularly those in the US, should look to the jurisdiction which is closest legally, and in regulatory approach to what they are used to in the Cayman Islands. Gibraltar being a common law jurisdiction with the UK Privy Council as the ultimate Court of Appeal and with English as its primary language, is likely to cause less of a culture shock for US managers who have decided to use a European vehicle. Furthermore, Gibraltar is the only European

jurisdiction that allows for the pre-authorisation launch of a fund, as Cayman does.

Permissible distinctions – Gibraltar's advantage

The national private placement regimes, which under the Directive are to be phased out by 2018, have already begun to be tightened by some of the member states. In Germany, for example, a market which is not insignificant, it is nearly impossible for a non-European fund to use their private placement regime. A European fund on the other hand can use Germany's private placement regime even if it is out of scope of the Directive simply because of the fact it is domiciled in the EU. For this and other reasons, we are seeing US managers setting up parallel or master AIFs (as opposed to feeder) in Gibraltar and other EU jurisdictions in order to assist with their European marketing efforts.

The Gibraltar approach to these issues, following an in-depth consultation involving a collaboration of government, the Financial Services Commission (FSC), and the Gibraltar Funds and Investments Association (GFIA), the representative body of Gibraltar's funds and investment industries, retains as much flexibility as possible as is offered by the Directive. Accordingly Gibraltar has kept its Experienced Investor Funds (EIF) regime for those funds and managers that are out of scope of the Directive while allowing those that wish to, in order to avail themselves of the EU wide marketing passport, to opt in to the AIFM regime even if they are below the de minimis thresholds. Obviously those that opt in will have to abide by all the terms of the AIFM regime as if they had been in scope.

The streamlined authorisation process for EIFs should not be mistaken as light regulation. The authorisation process may be quicker due to the fact that EIFs require two directors on each board that are resident in Gibraltar and which are authorised by the FSC to act as fund directors. Furthermore, the documentation must be signed off, both by senior Gibraltar Counsel and by the fund administrator. Once the fund is authorised, the FSC has a plethora of investigatory and enforcement powers.

Gibraltar is fast developing into an international funds jurisdiction focussed both on small managers and managers which wish to market within Europe. Gibraltar held its first international funds conference in April which attracted participants from EFAMA, BaFin, AIMA, GSX, Goldman Sacs, Citibank, Society Generale Newedge, BNP Paribas, Laven Partners, Schulte Roth & Zabel, Kaye Scholer and Norton Rose. The Gibraltar Funds and Investments association under the leadership of Joey Garcia is working hard along with the Government of Gibraltar and the FSC to raise Gibraltar's profile from being one of Europe's best kept secrets to a jurisdiction which people recognise as a sound, safe and business friendly place from which to do business.

Ultimately, the Alternative Investment Fund Managers Directive has provided European jurisdictions and particularly Gibraltar with an opportunity to genuinely add value to non EU managers in the EU marketing of their funds to the EU – a market of 520 million people.

www.gfia.gi

GFIA
GIBRALTAR FUNDS & INVESTMENTS ASSOCIATION

A programme for the future: the 2015 KPMG eSummit, Gibraltar

By Micky Swindale, Managing Director, KPMG Gibraltar

In the final panel of the KPMG eGaming Summit in Gibraltar in April 2014, one of the gaming CEOs neatly summed up what I believe to be the crucial appeal of eGaming. "I've never seen an industry in which the people are so agile, resourceful, and resilient", went the concluding sound bite; "of course, we are going to see some change…but it will accept those, it will find resolutions, and it will be stronger and better for it."

Such is the resilience of the online gaming industry since its rapid acceleration from the early 2000s, and I believe this ability to respond and to evolve with such success can be attributed equally to the enormous range of industries that eGaming encompasses. Online gaming has not just been at the forefront, but has played a critical role in determining the broader future of areas as diverse as multi-lateral regulation and legislation, taxation, telecommunications and power infrastructure, public and private sector cooperation, media and financial technologies and, crucially, consumer protection. It is an industry in which businesses, indeed nations, working together has become a matter of mutual necessity over individualist diplomacy, and one that has laid the foundations for eCommerce as we know it today.

In Gibraltar alone, despite being forced to adjust to announcements concerning the UK's Point of Consumption tax regime, the industry has gone from strength to strength, with the confidence of its regulators increasing in kind. Private and public sectors at home and abroad remain absolutely assured of Gibraltar's reputation and of its commitment to spearheading new measures for consumer protection, transparency and innovation, with some of the world's largest operators such as UK owned bet365 ready to relocate its operations domestically.

Gibraltar's gaming industry

In fact, in many ways the challenges Gibraltar's licensees have faced have acted as fuel for rapid innovation within the sector, with companies forced to reconsider their operations, diversify tactics and technologies, and recruit the skills to support them. Market share has significantly broadened overseas as new global markets open up, but even putting operator revenue aside, one need only look to local investment to catch a glimpse of Gibraltar's bright eGaming future. The completion of the final stages to Continent 8's multi-million data centre, for example, is an exercise which will future proof Gibraltar's data infrastructure against expected growth, while the recruitment sector continues to attract some of the world's sharpest talents, both executive and technological, in the face of huge decline elsewhere. As long as this stellar reputation remains, Gibraltar's gaming industry is a sure thing, and we're proud to play our part.

eGaming summit

It was with this sentiment in mind that KPMG prepared the programme for Gibraltar's fifth in a series of eGaming Summits, in April. Our organisers naturally found themselves curating a programme set to delve beyond eGaming to include first hand, expert insight into the many industries that define online gaming in 2015. Of course, it quickly became impossible to squeeze every presentation into one room, indeed even into one day, but we hope our 200 plus delegates agreed that the new KPMG eSummit spanning across two days, with an invitation-only gala dinner generously hosted by the Government of Gibraltar, could not be considered anything other than positive for the industry.

Delegates were no doubt also pleased to find that some of the old Gibraltar Summit favourites made a return to this year's programme. As a testament to its unfailing support of the domestic eGaming economy over the years, the Gibraltar Government's Minister for Financial Services and Gaming, the Hon. Albert Isola offered another spirited opening address before introducing the review of gambling regulation in Gibraltar where moderator and Gambling Commissioner Phill Brear joined Gibraltar's key legal experts to discuss Gibraltar's progress as one of the world's best regulated jurisdictions.

Preston Byrne's discussion on the sector's most recent challenge, and potentially biggest opportunity, the blockchain 2.0 will always provoke an enthusiastic response as Gibraltar considers crypto-currencies and block-chain based decentralised applications as a potential addition to its tech-economy. With potential applications that span beyond its traditional pairing with remote gambling to also encompass FinTech, video gaming, social media, even contract negotiation, all balanced against ongoing media speculation as to its security, this fascinating technology will, play a part in Gibraltar's future directly or indirectly. Judging by the response to KPMG's crypto-currencies seminar held at the Sunborn Hotel, Gibraltar in December last year, this is technology that mystifies audiences through both its complexity and potential.

Responsible gambling

With the Fourth European Money Laundering Directive text now finalised, including further changes to customer and client identification requirements and reporting thresholds, coupled with the imminent arrival of the Payment Services Directive 2; identifying the most efficient and secure payment methods for gaming operators has also been a top priority for some time now. The panel session on 'Emerging Payments', moderated by Andrew Johnstone of MasterCard, was an excellent addition to the programme and one sure to provoke those who haven't already into considering the very real impact that both directives will have on their businesses. Very few in the regulated eGaming industry today fail to recognise the significance of social responsibility and its role in the perceived maturation of the industry. So the opportunity to hear the Senet Group give an insight into their progress towards becoming to the gaming sector what the Portman Group is to the alcohol industry was of particular interest to local operators, as was Featurespace's explanation of their recent work with the Responsible Gambling Trust. Responsible gambling is another area where the Gibraltar government are showing early leadership as the Honourable Gilbert Licudi, Minister of Education, outlined the courses that the University of Gibraltar will offer to operators in this area.

www.kpmg.gi

2015 still looking good for the high value market

By Louis C. Montegriffo, Managing Director, BMI Group

Time does indeed fly by, particularly so when you are having fun, or in this instance engaged in a vibrant market. I recall writing the annual property update only 12 months ago with an element of trepidation given the successful year Gibraltar had enjoyed in 2013……in short, one wondered whether the bar could possibly be set any higher.

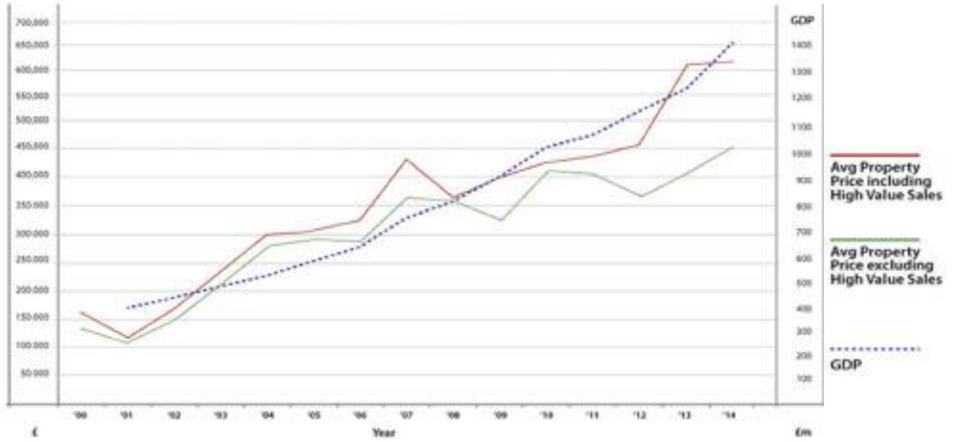
2014 did not disappoint; it's safe to say that the ever increasing confidence in the market with prices to suit were here to stay.

I have no doubt bored a great many readers over the past 10 years with WoW adjectives, statistics, quotes, and all sorts of fantabulous phrases to explain how spectacular the market is and why you should invest in property, us agents have a habit of only offering the upside you see……..so, after thinking hard about what to pen out this time round, it came to me - I figured that I'd dazzle you with adjectives, statistics, quotes, all sorts of fantabulous phrases and, a graph. How's that for imagination!

So there you go people, no change from my perspective, I really wish that I could say differently and throw caution out there, express concerns etc, but I just can't, it's simply not the case; the year continued with strong performance, driven by low volume in stocks both on rentals and sales portfolios.

The graph below will hopefully be self-evident and support our thoughts, it shows the average price / market position over the past 15 years. We have outlined two averages, the first (in green) shows average property prices not including high value sales; the second (in red), includes the full picture including all high value sales. You will note that the high value market has clearly made an impact since 2012, in our view, a reflection in the confidence of this sector. The dotted blue line has no correlation to the property data and is simply placed on the graph to show the value of our economy over the same period.

In brief: 2014 has as suspected proved to be a good year with the market showing no signs of slowing down. Stock levels remain low both on rentals and sales and this remains one of the drivers for an increase in prices across the board.



Residential

It was always going to be unrealistic to expect property values to rise as sharply as they had (on the top end – red line) during 12'/13' but as shown on our graph, the top end has maintained its strength, albeit at a sensible pace. We believe that high value sales are here to stay and that a new market, a fourth tier, has made its mark. The market at this level (by our estimations) has increased marginally by approx 5%.

If one excludes high value sales (green line) you will note that the pace and strength has been sharper and more consistent with the previous year; we believe that this is principally due to higher volumes of sales at this range, and at this level we have seen an approx. increase of just under 10%.

Commercial

2014 saw the beginnings of ambitious proposals by various developers to push ahead in the construction of approx. 30,000sqm of office space. These developments began work in early 2015 with 18 – 30 month programmes. The past few years have seen large increases in rates/sqm which only 5 years ago averaged out at £230/sqm / annum and are now at an average of 290/sqm / annum and highs of up to £400/sqm / annum.

Demand has clearly increased with the additional pressure of there being no new build in this sector for nearly a decade. Our views on whether there is real demand to meet the forecasted sqm being proposed are met with an element of caution, given the substantial schemes in the pipeline. We are optimistic on smaller projects able to provide mixed use schemes and easier to meet market expectations.

New Developments

2014 saw the launch of Midtown and Ocean Village Phase 3. In brief both developments pretty much sold out in no time. Although one would be tempted to mark this as a huge success on the part of the developers, we will (and here's the cautious advice for you) keep a watchful eye on where the demand for these units has originated from and who the buyers are. We have always maintained that a mix of owner occupiers, seasoned investors and a small measure of speculators is healthy, any overdose of the latter and you become exposed.

Economy

Although we prefer to refrain from commenting on economic activity, we have found it useful to make reference to the GDP figures (blue dotted line) in order to indicate economic strength or weakness, which is a main driver in property values – 2014 speaks for itself with a projected growth of +10%. We will review the impact that such a strong growth may or may not have on the market at year end, but it would be fair to say that the first 4 months of 2015 have been encouraging.

The current climate in our view continues to be positive and likely to grow sensibly. Demand has continued in line with the growth in the economy and we have seen property prices (particularly in the high value market) over the past four years increase by up to 40% in some areas.

www.bmigroup.gi

BMI GROUP

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Listing Eligibility and Requirements

- GSX listing is, currently, only available to open-ended collective investment schemes. It is, however, expected that closed ended collective investment schemes will be accepted for listing in the near future and GSX will proceed to expand thereafter.

- Applicants can take any legal form including; private limited companies, protected cell companies, limited partnerships and unit trusts.

- Applicants must be established in a jurisdiction approved by GSX. This includes the Cayman Islands, the British Virgin Islands, Hong Kong and Singapore.

- Applicants must satisfy GSX that its directors, and any appointed investment manager, has suitably acceptable experience in the management of investments such as those the Applicant wishes to invest in.

Listing on the GSX

There are four stages to the listing process:

Stage 1 – Member Firm

All Applicants seeking a listing on GSX must first appoint a Listing Member Firm. Member Firms are responsible for bringing listing applications to market and maintaining ongoing reporting obligations. GSX supplies the CIS Listing Code, the CIS Application Form and a CIS Checklist to facilitate the preparation of documents.

Stage 2 - GSX

The Member Firm must then submit all documents to GSX who will review the pack within 5 business days of receipt and, where required, seek further clarification. Once satisfied, GSX will forward the completed application to the GSX Member and Listing Committee (MLC).

Stage 3 - MLC

The MLC shall review all applications and will make its recommendation to the Listing Authority within a couple of business days.

Stage 4 – Listing Authority

The application is then submitted to the Listing Authority, the body responsible for the regulatory approval of listings, that is completely independent of GSX and manned by officers from the Financial Services Commission (FSC) of Gibraltar. The Listing Authority has 10 business days in which to either approve the application or ask further questions.

Continuing Obligations

GSX imposes a continuing regulatory obligation on a listed fund which primarily involves the notifications in relation to the fund to GSX via the Member Firm.

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MANAGEMENT SERVICES LIMITED

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recognise us. In those days, when the Chief Minister came to London we were lucky to get five MPs to meet him; now the Gibraltar Group is the second largest lobby group in Parliament with 120 MPs".

After May's UK general election however, "we will need to build up again the support for Gibraltar", Poggio noted, adding: "But at least the Foreign Office is now on-side."

Seeking Asian opportunities, Jason Cruz heads the new Hong Kong office.

Gibraltar Finance (GF) no longer has its own full-time representative at the London office following Victor Galliano's decision to return to the City. The London role, for which members of the Gibraltar Finance Centre Council long campaigned, was described as "a strategic presence in the heart of Europe's largest financial centre and one of the most important globally".

Galliano assisted three Gibraltar-based colleagues – in insurance, funds and private clients – with London contacts and sought opportunities for business development. Jimmy Tipping, GF director, says there are no plans at present for a replacement – that aspect has been "paused".

Having grown from three Gibraltar House staff to ten, Poggio in 2008 persuaded the then government to buy the present £6m+ four-storey premises that has since quadrupled in value. Poggio now plans retirement next year, but aims to continue as a part time consultant.

His nominated successor is Jason Cruz, the 41 years old representative of Gibraltar in Hong Kong (HK), where opening of the Asian office a year ago was a surprise; no reference had previously been made to the former British colony being a target for trade development.

But Cruz, in the course of work for major Asian firms in financial services, banking and property investment, had introduced over previous years several local business partners and investors to "a dialogue with Gibraltar".

Candidly, Picardo recently admitted it was a move that "should have happened a long time ago. It is an area that has unfortunately been neglected.

"We have therefore seen the growth of the Chinese economy to a great extent pass us by and we're arriving late to the party, but it's a party we cannot afford to miss, even if we are arriving late to it."

Cruz, with an assistant, has organised six ministerial visits to Hong Kong covering education, the financial sector, tourism and maritime services, which he believes have resulted in "some business". Another visit is imminent – this time led by the private sector and includes representatives of the new Gibraltar Stock Exchange on their fourth trip.

But Cruz, in the course of work for major Asian firms in financial services, banking and property investment, previously had introduced several local business partners and investors to "a dialogue with Gibraltar".

The new office will encourage Chinese investors to use Gibraltar for both direct investment on the Rock and crucially as an entry-point into the European market, something that Financial Services Minister Albert Isola emphasised to HK funds sector firms last September.

Ray Spencer

Gaming continues to grow

The effect on Gibraltar's on-line gaming sector has not been so bad – yet - as some anticipated after the UK decision to implement a 15% point-of-consumption tax on operators from end 2014.

Sector employment has remained above 3,000 with over 80 jobs added in the last quarter, compensating for some reductions. A handful of license applications from quality providers - most from business-to-business (B2B) games and systems suppliers rather than customer-facing operators - are understood to be in the pipeline – and only one firm has left the jurisdiction.

With 34 eGambling firms or suppliers having Gibraltar licences, at least eight are subject to mergers or consolidations; however, the number of licences is expected to remain above 30.

The KPMG Gibraltar eSummit at end-April heard Gaming Minister Albert Isola reveal a comprehensive review of its 15 years-old eGaming law will put it on "a 21st century footing". Changes to the law are not expected to take effect before the year-end, but will help ensure Gibraltar legislation stays ahead of competing jurisdictions

"In some ways the UK new tax on licensed gambling companies has had a positive effect in Gibraltar", Phil Brear, Gibraltar's gambling commissioner, told the eSummit, "with some companies with overseas connections deciding to close or reduce operations there and relocate to Gibraltar, but there is no doubt that the 15% gross profit tax will be biting into companies' profitability."

Broadening the base

Brear added: "It is really too early to say what the ultimate effect will be. The damage to Gibraltar's gambling industry has not been realised in part because of the government's foresight in broadening the licensing base, opening up to multi-national B2B firms and enhancing the reputation for this to be a reputable, supportive, but well-regulated jurisdiction."

For example, Hillside is one local operator that has more than doubled in size in the last six months and now employs 300 people; Boyle Sports, an Irish firm, has closed its London marketing operation and taken up a Gibraltar licence.

The jurisdiction's largest eGaming employer remains BetVictor with around 400 staff, with William Hill, BwinParty, Gala Coral and Hillside all with more than 300 on The Rock.

The gambling sector, accounting for a quarter of Gibraltar's economy, is hopeful that after four days at London's High Court, its challenge to the UK government's new consumption tax will be successful, or at the least be referred to the European Court of Justice for consideration.

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confirms that our Industry are also upholding their part in the bargain.

During the last term of office the technical seminars and professional examination courses organised by the GII have been extremely well attended. Membership of the institute also exceeds 350 representing over 80% market penetration.

Government and Employers are demonstrably supporting professional development in the insurance sector and importantly more and more employees are attaining professional qualifications. The advent of our on-line examination facility has been a huge success with 143 exams sat using this new technology since July 2014, providing our Members with a fast-track to professional qualification.

Reputation

Reputation Risk is strategic, behavioural, intangible, and consequential in nature. It cannot be measured and manifests as an erosion of trust. However, it can be managed but importantly management of reputational risk is a shared responsibility.

Reputation is the basis for trust of our Insurance industry, whether that be investor or consumer trust. Stakeholders include regulators, media, consumers, firms, employees and investors. The level of loss of trust will determine if the damage to reputation is retrievable which in turn will depend on existing good will, the nature of the threat, and how one responds to the threat.

Everyone has a role to play to establish enough goodwill amongst stakeholders in order to ensure that should a threat event arise, trust and confidence will return with time and with the appropriate corrective response.

Conclusion

As an industry we share a collective responsibility for the:

- Promotion of market confidence and public awareness
- Protection of Consumers and of Gibraltar's reputation
- Reduction of systemic risk and financial crime

Although these are word for word, the regulatory outcomes set by statute as outlined in the FSC Strategic Plan, evidence suggests, not least through the FLAOR process at individual company level as well as through collective discussion at industry body level, that the insurance industry is completely aligned with these objectives.

The challenges facing the Gibraltar Insurance Industry in 2015 and into 2016 are not unique to Gibraltar. It is imperative that Industry and Regulator together do all they can to demonstrate to stakeholders that they are addressing these risks and in doing so, are ensuring that these issues continue to be seen as ones that are faced by many other EEA states.

We are seeing with our own eyes that 'Change brings opportunity' and whilst there are challenges ahead, the general regulatory change across Europe is also providing opportunities. In the past 12 months we have seen capital providers and major insurance players actively looking at Gibraltar more often than not because of its ability to do business quickly.

www.willis.com

Willis

Tax gains offset by ownership register setback

Success for Finance Centre executives early this year as Gibraltar stands poised to sign its first Double Taxation Agreement (DTA), while coincidentally, the jurisdiction has been removed from the tax 'black lists' of two more countries.

But opposition to establishment of a publicly available central register of beneficial ownership for companies registered on The Rock has failed – at least in part.

Finance Centre Minister Albert Isola hoped to have two DTAs "under our belt in the first quarter of 2015", but in mid-April he revealed to *Gibraltar International* that the first DTA "is imminent and we are awaiting dates to execute". Documents have been agreed, he assured.

The financial services sector has long pressed for DTAs to be signed; other jurisdictions have been either reluctant (when an equivalent benefit is not anticipated) or considered not a priority.

The counterpart country to this first DTA has not yet been revealed, but disappointingly, it is believed not to be with the UK. There has been opposition from countries that point to the absence of Britain having such an arrangement with its own Overseas Territory!

But the UK has worked with Gibraltar to get it removed from tax 'black lists', particularly in Portugal and France. Now Poland and Italy from mid April have joined Estonia to remove The Rock from tax black lists and Canada has amended its definition of a "non-qualifying country" to exclude jurisdictions such as Gibraltar, for which the multilateral Convention on Mutual Administrative Assistance in Tax Matters is in force or has effect at that time.

Letters sent jointly by the UK Treasury and Foreign Office in April urging Britain's Overseas Territories to establish a public register of beneficial ownership in companies to ensure transparency and help combat money laundering, did not include Gibraltar, even though it opposed the idea on the grounds that its law already requires that information to be held by financial services providers.

However, Gibraltar, as part of the EU, is obliged to comply with the 4th Anti-Money Laundering Directive, that requires all Member States to have a central register within two years. Even though Isola said "this will not be a public register", it must be accessible to competent authorities, financial intelligence units and obliged entities such as banks, as well as anyone with "a legitimate interest" who then can seek only basic holdings information.

Robus opens new office in London

Independent insurance management, fiduciary and financial advisory group, Robus, has recently opened a new office in the City of London.

ROBUS

The move forms part of the companies continued growth and increased business in the capital.

Chris Le Conte, Robus Group Managing Director commented: "We see London as a growing location for business and it therefore makes sense for us to have an operational base there".
It will be used by our staff as somewhere to work from whilst they're in London and for client meetings. It is anticipated that the office will provide a platform for continued business development in London and the rest of the UK."

The 17th floor office, at Dashwood House, Old Broad Street, has impressive views of London, including Lloyds and other famous landmarks.

Gibraltar Finance and GFIA exhibit at the Hedge Fund Startup Forum 2015, in New York

Gibraltar Finance together with members of the Gibraltar Funds & Investments Association (GFIA) exhibited and participated in the Hedge Fund Startup Forum 2015 in New York, in March.

The New York Forum provided all the key insights into starting, maintaining and growing a successful hedge fund. With the majority of new fund launches taking place in North America, the forum provided a perfect

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opportunity for the Gibraltar delegation to meet and network with New York managers and discuss the benefits of using Gibraltar as a domicile of choice within the European Union single market for the establishment of Funds, Hedge Funds, Asset Managers and Hedge Fund Managers requiring the facility to passport throughout the EU.

New look at The Rock Hotel

The Rock Hotel is delighted to announce that the full refurbishment of the hotel is now complete.

The hotel's famous brilliant white facade has been restored to its former glory, whereas inside, guests are welcomed into a stylish reception and entrance lobby. There are new modern executive bedrooms for the corporate traveller and a new conference and banqueting facility. Corporate events can be held on the private Sunset Terrace and Victory Suite.

THE ROCK HOTEL
GIBRALTAR

An institution amongst Gibraltar hotels, The Rock Hotel first opened its doors back in 1932. Sir Winston Churchill, Alec Guiness, Errol Flynn, and Sean Connery are just some of the famous names in the historical visitors book.

Charles Danino, The Rock Hotel's General Manager commented: "The hotel's 1930's origins are evident in the subtle colours and timeless decoration combining an element of the colonial with more contemporary touches."

Europa Trust donates to local charity Baby STEPPs

Europa Trust Company Limited has chosen Baby STEPPS as its charity of the year for 2015, and recently made a cheque contribution to the Gibraltar based charity.

Baby STEPPs is a charity with the objective of raising awareness and support for all aspects of pregnancy and parenting, with particular focus for supporting parents, pregnancy, and baby loss.

The charity provides practical help and information on parenthood and all aspects of pregnancy, and depends entirely on donations and volunteers.

Europa Trust Company Limited has been based in Gibraltar for 30 years and the support of the charity forms part of the company's commitment to social responsibility. Previously the company supported the Nelson Mandela Children's Fund, an international non-profit organisation which is committed to creating a better future for children.

Baby STEPPS
Support Through Early Parenthood & Pregnancy

Anyone wishing to contribute to the Baby STEPPs charity can do so by visiting: www.facebook.com/BABYSTEPPS GIB

La Sala afloat with Sunborn

Aspiring to a higher market profile is part of the ambition of the super-yacht 5-star Sunborn Hotel moored at Ocean Village, Gibraltar's marina, residential and business development – so it is establishing a €1.2m on-board "luxury 160-seat restaurant, bar and entertainment venue" in a joint venture with the Marbella-based La Sala Group.

The La Sala Puerto Banus venue routinely attracts up to 450 people a night and with a 47 year old average age profile, it regularly attracts footballers and sports personalities along with ex-pats who seek fun and have good spending power.

The Gibraltar venture hopes to replicate that success and will employ 70 people when it opens in early June. La Sala has a Puerto Banus Beach Bar venue and restaurants in San Pedro and London.

More UK and overseas sites are being planned, says Steve Hanson, Group Chief Executive.

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